

Message Text

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TO USLO PEKING

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EXDIS

E.O. 11652: GDS

TAGS: PFOR, CH, KN, ETRD

SUBJECT: PRC INTEREST IN BOEING AIRCRAFT FOR NORTH KOREA

1. BOEING OFFICIALS RECENTLY INFORMED US THAT WHEN PRESIDENT STAMPER AND OTHERS WENT TO CHINA WHEN THE LAST BOEING 707 WAS DELIVERED, MACHIMPEX TOLD THEM THAT THEY MIGHT WISH TO PURCHASE FIVE OR SIX MORE BOEING 707S, TWO OR THREE OF WHICH MIGHT BE LEASED OR SOLD TO THE NORTH KOREAN AIRLINE. MACHIMPEX OFFICIALS CLAIMED THAT THEY HAD BEEN APPROACHED BY THE NORTH KOREAN AIRLINE NOT THE GOVERNMENT, AND THAT IN PEKING, ONLY MACHIMPEX WAS INVOLVED IN THE MATTER. (INTENT PRESUMABLY WAS TO STRESS THAT THIS WAS A COMMERCIAL NOT GOVERNMENTAL MATTER.) MACHIMPEX STATED THAT CHINESE WOULD HANDLE ALL THE TRAINING, MAINTENANCE, AND SPARES, SO THERE WOULD BE NO DIRECT CONTACT BETWEEN BOEING AND THE NORTH KOREANS. INITIALLY, MACHIMPEX STRONGLY TOOK

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POSITION THAT PRC AS A SOVEREIGN NATION HAD A RIGHT TO DO

WHATEVER IT WISHED WITH ANYTHING IT BOUGHT, TO WHICH STAMPER REPLIED THAT BOEING WOULD NOT DO ANYTHING THAT WOULD VIOLATE USG LAWS AND REGULATIONS. HE AGREED TO SOUND OUT USG AND BE BACK IN TOUCH WITH MACHIMPEX LATER.

2. AFTER CAREFUL REVIEW OF POLICY CONSIDERATIONS, DEPARTMENT INFORMED BOEING THAT IT COULD NOT GRANT AN EXPORT LICENSE FOR SUCH A TRANSACTION. DEPARTMENT SAID THAT IF

BOEING WISHED, WE HAD NO OBJECTION TO IT USING STATEMENT ALONG FOLLOWING LINES IN RESPONDING TO MACHIMPEX: QUOTE WE (BOEING) HAVE DISCUSSED THE PROPOSAL WITH APPROPRIATE OFFICIALS IN WASHINGTON, AND IT HAS BEEN CONSIDERED AT A HIGH LEVEL. WE WERE INFORMED THAT SUCH A TRANSACTION WOULD BE CONTRARY TO U.S. REGULATIONS REGARDING TRADE WITH NORTH KOREA, AND THAT THE U.S. GOVERNMENT WOULD THEREFORE BE UNABLE TO AUTHORIZE BOEING TO SELL AIRCRAFT TO THE PRC WHICH MIGHT THEN BE SOLD OR LEASED TO NORTH KOREA. END QUOTE

3. BOEING HAS NOT PROTESTED THIS DECISION. DURING MEETING JULY 17, STAMPER INFORMED DEPUTY SECRETARY INGERSOLL THAT JAMES CHORLTON, BOEING SALES OFFICIAL, PLANS ARRIVE PEKING JULY 24 FOR TALKS WITH MACHIMPEX AT WHICH TIME HE WILL GIVE BOEING'S RESPONSE ON THE NORTH KOREAN MATTER AS WELL AS EXPLORE CHINESE INTEREST IN ADDITIONAL 707S FOR CAAC'S OWN USE. WE SUGGESTED THAT HE CONTACT USLO DURING HIS STAY IN PEKING.

4. ALTHOUGH BOEING WILL UNDOUBTEDLY CONTACT DEPARTMENT AFTER CHORLTON RETURNS, PLEASE REPORT STADIS ANYTHING YOU LEARN FROM HIM REGARDING HIS TALKS WITH MACHIMPEX. INGERSOLL

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